



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

Memorandum

EXHIBIT 2
DATE 1.16.07
HB 79

TO: Representative Dave McAlpin

FROM: Jim McKeon, Miscellaneous Tax Unit Manager

DATE: January 15, 2007

SUBJECT: HB 79 – Refunds to businesses who hold and remit trust taxes to the State of Montana.

During the House Tax Committee hearing on HB 79 a question was asked as to what transactions would occur that would result in the Department issuing a refund to a business that collects and remits trust taxes to the State of Montana. Subsequently you requested that the Department provide you with examples of trust tax refunds.

Listed below are examples of why a business would be entitled to a refund of trust taxes previously paid to the Department of Revenue.

- Examples of overpayments made by the customer
 - The Department's audit of the business revealed taxes were collected on revenues not subject to the trust tax resulting in a refund to the business.
 - A lodging facility collects tax from the customer who rents a room for 30 days or longer.
 - A rental facility collects tax from a customer who rents farm machinery.
 - Telecommunications Company pays tax on subscriber lines issued to the federal government.
- Examples of overpayments made by the customer to the business or overpayment made by the business to the Department
 - The business incorrectly calculates the tax on the tax form and pays more tax than required.
 - The business files an amended tax return for a prior period adjusting the amount of tax due downward.
- Examples of overpayments made by the business to the Department
 - The business fails to claim their allowable vendor allowance.
 - The business mails multiple payments to the Department overpaying the tax for the filing period.
 - The taxpayer submits a quarterly payment greater than the amount required to be paid.